Worksheet L

Debt to Equity Ratio

DER = LTL ÷ OE

Where:	DER =	Debt/equity ratio
	LTL =	Long-term liabilities (long-term debt such as bonds, debentures, and bank debt, and all other noncurrent liabilities such as deferred income taxes)
	OE =	Owner equity (the difference between total assets and total liabilities, including contributed or paid in capital and retained earnings)

	Three Most Recently Completed Fiscal Years			
	2010	2009	2008	
LTL	$2,134,691,650	$2,438,581,600	$1,464,604,050	(1)
OE	$4,132,269,050	$3,154,373,950	$3,080,313,600	(2)
DER [(1)/(2)]	0.52	0.77	0.48	(3)

Considerations:

Is the most recent year typical of the three years?	☑ Yes	☐ No	
If not, do you want to use an earlier year for the analysis?	☑ No, use 2010	☐ Yes, use 2009	☐ Yes, use 2008

How does the debt to equity ratio (3) compare with the ratio for firms in the same business?